

## 58th Business Term Semiannual Business Report



***Minebea***

**Minebea Co., Ltd.**

April 1, 2003 ▶ September 30, 2003

## To Our Shareholders

**The business results for the 58<sup>th</sup> Business Term will be reported at our Ordinary General Meeting of Shareholders scheduled to be held in June 2004. The business results for the current interim term (April 1, 2003 – September 30, 2003) are as follows.**

During the half year of the current consolidated fiscal year, the Japanese economy in general took a somewhat favorable turn. Though temporarily affected by the Iraq war and the SARS epidemic, demand picked up overseas and exports increased. While consumer spending remained flat, capital investment began to increase and stock prices picked up. The U.S. economy, though worsened in the first quarter owing to destabilizing factors including the Iraq war, showed signs of recovery such as a pickup in stock prices in the middle of the interim period in anticipation of improved corporate performance and improvement in consumer spending triggered by the tax reduction package.

The European economy grew more stagnant with exports and production slowed down owing to the strong Euro. The Asian economies remained strong in China and Thailand despite negative effect of the SARS epidemic, while in Korea and Singapore business showed signs of slowdown.

In the interim period of the previous fiscal year, demand from the information & telecommunications equipment industry – the major customer base of our mainstay products – showed a remarkable recovery as inventory adjustments finished throughout the industry. Though sluggish in the second quarter of the current fiscal year, demand recovered steadily in the interim period of the current fiscal year as the global economy picked up gradually. However, price competition

grew even more intense, keeping us in a difficult situation.

In this business climate, we redoubled our efforts not only to expand sales, but also to reduce costs by further improving efficiency of our sales and manufacturing activities, to improve product quality, and to develop high value-added products.

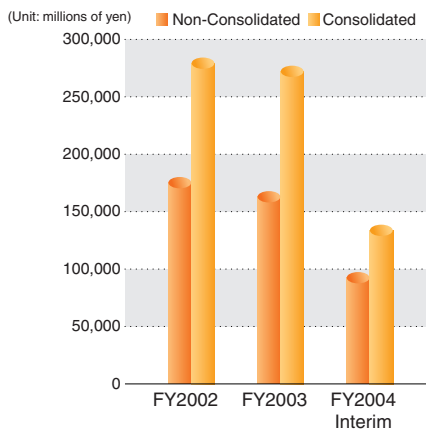
### ■ Consolidated Business Results

During the current interim period, net sales were 133,741 million yen, operating income 9,467 million yen, and ordinary income 7,558 million yen, down 3,507 million yen (-2.6%), 708 million yen (-7.0%), and 108 million yen (-1.4%), respectively, compared with the same period last year. Interim net income amounted to 2,726 million yen, up 183 million yen (7.2%) compared with the same period last year, despite posting, as extraordinary losses, retirement benefits to directors and corporate auditors in the amount of 431 million yen as a result of changes to the structure of the Board of Directors (reduction in the number of directors) and special severance payments for early retired employees totaling 307 million yen and posting the income tax adjustment of 1,376 million yen in accordance with tax effect accounting.

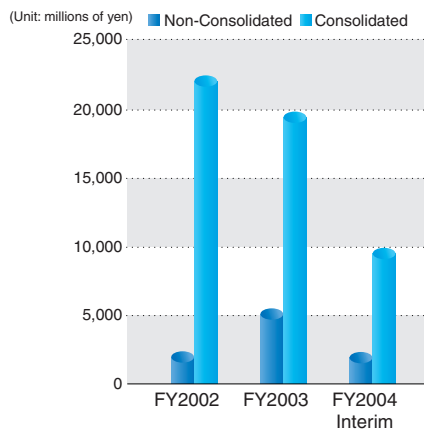
### ■ Non-Consolidated Business Results

During the current interim period, net sales were 92,482 million yen, up 9,080 million yen (10.9%) compared with the same period of the previous year. Although operating income was 1,836 million yen, down 939 million yen (-33.8%) compared with the same period last year, ordinary income was 5,782 million yen, up 954 million yen (19.8%) from the year-earlier period. Net income amounted to 1,480 million yen, down 641 million yen (-30.2%) compared with the same period a year ago. This was largely attributable to registering, as extraordinary losses, allowance for doubtful receivables to sub-

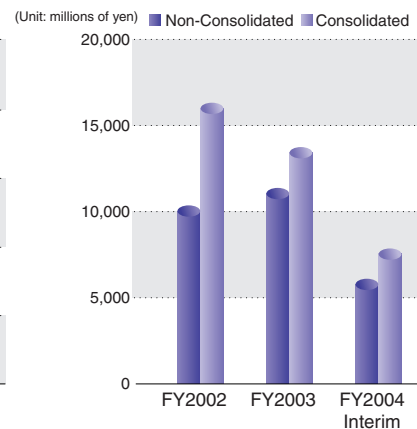
#### ■ Net Sales



#### ■ Operating Income



#### ■ Ordinary Income



sidiaries totaling 713 million yen; losses on revaluation of shares in subsidiaries and affiliates of 376 million yen; retirement benefits to directors and corporate auditors in the amount of 431 million yen as a result of changes to the structure of the Board of Directors (reduction in the number of directors); and special severance payments for early retired employees totaling 307 million yen, as well as posting the income tax adjustment of 1,476 million yen in accordance with tax effect accounting.

### ■ Outlook for the full year

For the full consolidated fiscal year, we expect it will take the Japanese economy some more time to make a full-fledged recovery, owing to continuation of severe employment and income situations and lower consumption spending, although increased exports prompted by a pickup in demand overseas and a rise in stock prices reflect an upturn in the business climate.

Overseas economy, in the meantime, shows a temporary recovery trend owing to the completion of inventory adjustment in the IT-related industry; however, business outlook will continue to be uncertain for a while because of negative factors such as the concern about possible decline in stock prices that rose after the end of the Iraq war, the concern about recurrence of terrorism, the troubled Middle East situation, and unstable oil prices.

Under this severe business climate, we intend to enhance and further expand our manufacturing and sales activities, in order to improve business results.

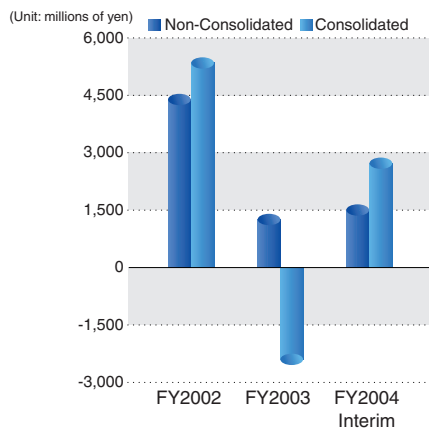
I look forward to your continuous support and guidance.



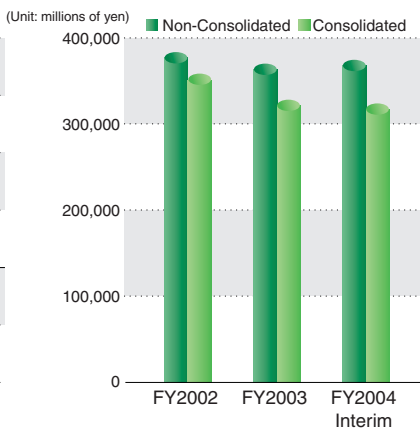
山本 次男

Tsugio Yamamoto  
Representative Director  
November 2003

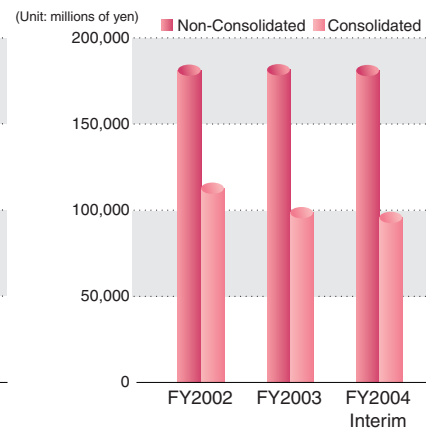
### ■ Net Income



### ■ Total Assets



### ■ Shareholders' Equity



# Performance by Business Segment (on a consolidated basis)

## Machined Component Business

■ Continued to promote further expansion of sales of ball bearings and cost reduction, aimed at realizing monthly sales and production target of 180 million units.

Net sales in this business segment decreased 4,644 million yen (-7.7%) from the same period last year to 55,665 million yen. Competition continued to be intense both at home and abroad throughout the interim period, while consumer spending and capital investment began to recover worldwide in the latter half of the period under review.

In this business climate, we promoted shipments of miniature and small-sized ball bearings and pursued cost reduction to raise monthly production capacity to 180 million units.

Though launching cost-competitive products and increase in demand pushed up shipments of pivot assemblies for use in HDDs, machined component business was affected by a drop in overall unit selling prices and weak sales of rod-end and spherical bearings that reflected sluggish aerospace demand.

Operating income from machined component business rose 15 million yen (0.2%) over the same period last year to 9,178 million yen, and accounted for 16.5% of net sales, up 1.3 percentage points compared with the same period last year.

Cost reduction in the manufacture of ball bearings offset negative effects of falling unit selling prices and weak sales of rod-end and spherical bearings, and brought about the increased operating income ratio.

## Electronic Devices and Component Business

■ Profitability of HDD spindle motors improved

■ Lighting devices business got under way toward expansion

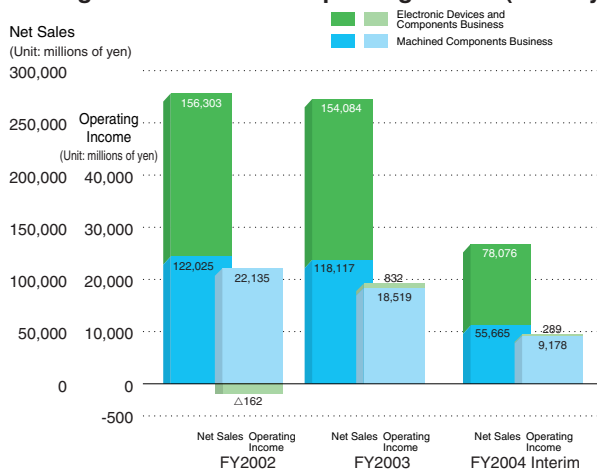
Net sales in this business segment increased 1,136 million yen (1.5%) over the same period last year to 78,076 million yen. In the latter half of the current interim period, demand for electronic devices and components for PCs, HDDs, and OA equipment began to recover, and a new market for digitized household electrical appliances is growing.

Price-cutting pressure remained strong amid continuously plunging prices of end products and fierce competition with other Japanese makers and makers in Asia including China; however, we increased shipments of our mainstay products by developing components and products in line with customers' product development and by pursuing cost reduction.

Above all, expanded sales of HDD spindle motors with fluid dynamic bearings considerably boosted sales of our entire spindle motor business. Also, our high-performance backlight assemblies won favorable recognition in the market, which helped us to cultivate new customers, and as a result, our lighting devices business got on the right track. In addition, increased sales of fan motors counteracted negative influence of sluggish sales of PC keyboards and declined sales of FDD subassemblies, production of which was terminated in November 2002, and net sales in this business segment increased.

Operating income from electronic device and component business declined by 724 million yen (-71.5%) compared with the same period last year to 289 million yen, which accounted for 0.4% of net sales, down 0.9 percentage point from the same period last year. This is attributable to reduction in income from PC keyboard business, which offset positive effect of remarkably improved profitability of HDD spindle motors that was achieved through increased shipments and improved yield.

## ■ Changed in Net Sales and Operating Income (Industry)



# The Performance by Geographical Segment

## ■ Japan

Though economic conditions took a favorable turn, owing to the effect of the termination of our FDD business and the production shift by many of our customers to their overseas subsidiaries to cope with growing deflationary pressure, net sales declined 5,506 million yen (-14.4%) from the same period last year to 32,826 million yen. Operating income, however, increased 680 million yen (59.1%) to 1,831 million yen over the same period last year.

## ■ Asia excluding Japan

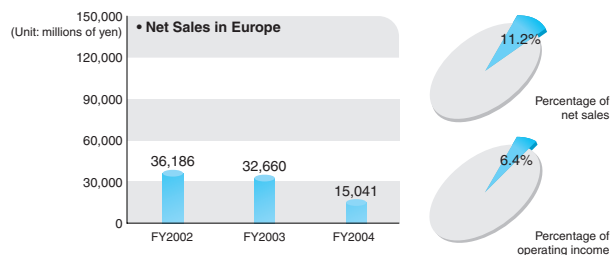
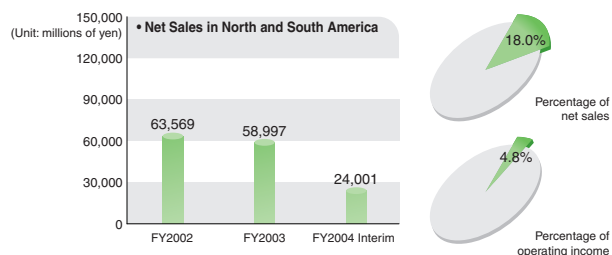
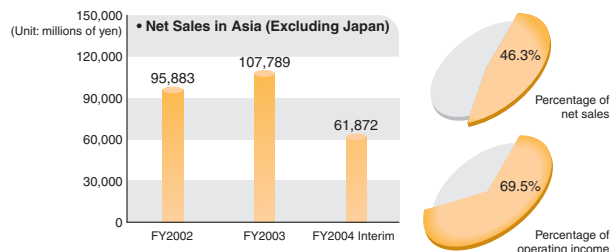
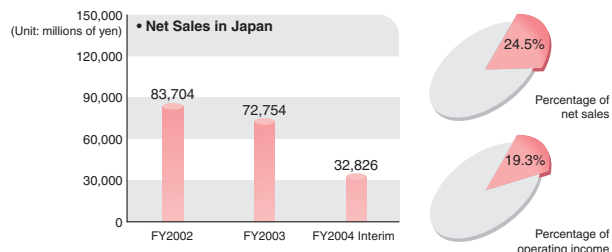
This region offers important manufacturing bases for Japanese, European, and American manufacturers of personal computers and household electrical appliances. Sales were firm owing mainly to recovery of demand from the information & telecommunications equipment industry in Japan, Europe, and the U.S. and to production shift to this region by Japanese, American and European customers. At the same time, price competition is getting more intense as production expands in this part of the world. As a consequence, net sales increased 9,881 million yen (19.0%) over the same period last year to 61,872 million yen, whereas operating income declined 605 million yen (-8.4%) from the same period last year to 6,579 million yen.

## ■ North and South America

Sales of electronic devices and components such as PC keyboards, speakers, and fan motors were weak in this region. In addition, amid a swift escalation of production shift by our customers to Asia, demand from the aerospace industry for aircraft bearings such as rod-end bearings continued to decline since the 9-11 terrorist attacks in the U.S. This held business in this region in a difficult situation. As a result, net sales and operating income declined 6,226 million yen (-20.6%) and 387 million yen (-46.1%) from the same period last year to 24,001 million yen and 452 million yen, respectively.

## ■ Europe

Despite an increasingly decelerating trend in the European economy, sales of ball bearings, rod-end bearings and other products were firm. On the other hand, sales of electronic devices and components such as PC keyboards were slow. As a result, net sales were 15,041 million yen and operating income 603 million yen, down 1,656 million yen (-9.9%) and 398 million yen (-39.8%), respectively, compared with the same period last year.



## Minebea and Matsushita (Panasonic) to Form Joint Venture in Information Equipment Motor Business

Minebea Co., Ltd., and Matsushita Electric Industrial Co., Ltd., announced in August 2003 that the two companies would establish a new joint venture company for information equipment motors, with Minebea holding an expected share of 60% and Matsushita 40%.

The joint venture company, to be established on April 1, 2004, will handle development, manufacturing and sales of information equipment motors in four categories - axial fan motors, stepping motors, vibration motors and direct current (DC) brush motors. Its annual sales forecast is approximately 95 billion yen for the year ending March 31, 2005.

Through the establishment of the new company, Minebea and Matsushita have agreed to integrate all functions of their information equipment motor business in the aforementioned four categories from development, manufacturing and sales. By doing so, the new company will become a major player in the global market, holding the second largest share in fan motors, second in stepping motors, first in vibration motors and third in DC brush motors, based on unit sales results for the year ended March 31, 2003.

Further growth in demand can be expected in new product applications, such as personal computers, plasma displays, LCD TVs, game machines, mobile phones, digital home appliances and information terminals. The annual global market growth forecast exceeds 10% on unit sales basis.

The new company will tap Minebea's advanced ultra-precision machining, mass-production technologies, cost competitiveness and Matsushita's latest product development technologies to strengthen its high added-value product development / manufacturing capabilities and accelerate development speed, as well as establishing a strong customer support structure.

The new company aims to increase its global competitiveness and capture the leading position in markets worldwide in relevant product categories.

### Outline of the new Information Equipment Motor company

- **Company name** : to be determined
- **Estimated date of establishment** : April 1, 2004
- **Location of headquarters** : to be determined
- **President** : Planned to be sent from Minebea
- **Capital** : to be determined
- **Controlling share** : Minebea 60%, Matsushita 40% (plan)
- **Scale of business** : 95 billion yen (Estimate for fiscal year ending March 2005)
- **Number of employees** : to be determined
- **Description of business** : Development, manufacture and sale of axial fan motors, stepping motors, vibration motors and direct current (DC) brush motors



**Management representatives from the two companies after signing the basic agreement for integration of the information equipment motor business.**

President I. Miyamoto, Motor Company of Matsushita Electric Industrial Co., Ltd.; President K. Nakamura, Matsushita Electric Industrial Co., Ltd.; President T. Yamamoto and Mr. R. Obara, Director and Senior Managing Executive Officer, Minebea Co., Ltd. (from left) at the signing ceremony.

## Minebea's Manufacturing Subsidiary in China is Selected as One of the TOP 100 Projects of National Environmental Protection in China

The State Environmental Protection Administration of China announced on August 4, 2003 its selection of Xicen Factory, Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. (hereinafter "Shanghai Minebea") a manufacturing subsidiary in China of Minebea Co., Ltd. (hereinafter "Minebea"), as one of the Top 100 projects of national environmental protection.

According to the Administration, Shanghai Minebea ranked fourth (first as the Japanese company) among the 77 companies selected nation-wide as the Top 100 projects of national environmental protection.

In June 2003, Shanghai Environmental Protection Bureau selected Shanghai Minebea as one of the eight exemplary companies that are totally committed to environmental protection in Shanghai. The captioned selections by the State Environmental Protection Administration of China and the Shanghai Environmental Protection Bureau are considered a proof that the Chinese Government has highly rated the efforts made by Shanghai Minebea toward environmental protection.

Minebea, the parent company of Shanghai Minebea, considers environmental preservation at all of its production bases worldwide to be a cornerstone of its management policy. Shanghai Minebea has likewise made an all-out effort toward environmental preservation since the start of its operations in October 1994. Especially because of its location near Lake Dianshan-hu, which is the principal source of drinking water for the residents of Shanghai, the manufacturing plants of Shanghai Minebea have advanced wastewater treatment facilities, which are equipped with automated monitoring systems, enabling 24-



hour supervision of facility operations, to ensure flawless waste-water treatment.

In 1996, Shanghai Minebea established the Shanghai-Minebea Lake Dianshan-hu Environmental Protection Fund (the amount of fund 11 million yuan or about 166 million yen) with the aim of helping preserve the quality of the water in Lake Dianshan-hu and the environment of the surrounding area. The activities of the Fund to date include helping promote greening programs in Shanghai such as planting cherry tree saplings along nearby highway and donating saplings to the Shanghai Sapling Center, and installing chemical toilets in local residences.

### The Top 100 Projects of National Environmental Protection

This aims to select and grant awards to the top 100 most ecologically-minded companies in China that operate environment-friendly facilities constructed during the period from January 1997 to August 2002.

In Shanghai, Shanghai Environmental Protection Bureau recommended to the State Environmental Protection Administration of China five projects including facilities of Shanghai Minebea that were selected from among about 10,000 construction projects within the jurisdiction of the Shanghai City on the basis of compliance with environmental protection bylaws, environmental consciousness in business plans, design and surveillance, and energetic environmental preservation activities.



Top 100 Projects of National Environmental Protection Program certificate  
(Certification number : GHJ2003004)



Xicen Factory

### Start of keyboard production in China at a joint venture with the Huan Hsin Group

We established a joint venture in Singapore in 2002 with the Huan Hsin Group to make personal computer (PC) keyboards in China. In August 2003, a wholly owned subsidiary of the joint venture has built a new factory at the Ming Hang district in Shanghai, China and started production.

Minebea is a world's leading maker of PC keyboards with a global market share of about 20%. By combining Minebea's highly competitive product development capability and production technology with the business speed of Huan Hsin and the manufacturing cost in China, we will be able to achieve significant expansion in the keyboard business and improved profitability.

PC keyboards



Exterior of New Factory



- **Company name** : Shanghai Shun Ding Technologies Ltd.
- **Date of establishment** : November 12, 2002
- **Start of production** : August 20, 2003
- **Capital** : 180 million yuan
- **Total investment** : 540 million yuan (as of end of May 2003)
- **Total floor space** : 42,000 m<sup>2</sup>
- **Number of employees** : 238 (as of July 31, 2003)
- **Items produced** : PC keyboards

# Consolidated Balance Sheet

## ● Consolidated Balance Sheet (Unit: millions of yen)

	Fiscal year 2004 Interim (as of September 30, 2003)	Fiscal year 2003 Interim (as of September 30, 2002)	Fiscal year 2003 (as of March 31, 2003)
<b>Assets</b>			
<b>Current Assets</b>	<b>132,800</b>	<b>127,497</b>	<b>127,447</b>
Cash and cash equivalents	11,850	11,634	14,177
Notes and accounts receivable	58,577	54,109	54,085
Inventories	45,351	44,503	43,204
Deferred tax assets	8,328	6,818	8,593
Others	9,128	10,963	7,856
Allowance for doubtful receivables	(435)	(531)	(469)
<b>Fixed Assets</b>	<b>184,554</b>	<b>200,586</b>	<b>192,608</b>
Tangible fixed assets	156,409	168,702	162,960
Intangible fixed assets	12,867	14,507	13,749
Investment and other assets	15,277	17,375	15,898
<b>Deferred Assets</b>	<b>9</b>	<b>22</b>	<b>13</b>
<b>Total Assets</b>	<b>317,365</b>	<b>328,106</b>	<b>320,069</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>	<b>135,873</b>	<b>144,523</b>	<b>134,459</b>
Notes and accounts payable	24,572	22,291	24,025
Short-term loans payable	68,276	55,272	67,475
Commercial paper	3,000	—	3,000
Current portion of long-term loans payable	3,549	27,994	787
Current portion of bonds	10,000	—	10,000
Current portion of convertible bonds	—	13,823	—
Others	26,474	25,142	29,170
<b>Long-term Liabilities</b>	<b>84,450</b>	<b>77,752</b>	<b>87,128</b>
Bonds	28,000	35,000	28,000
Convertible bonds	27,080	27,080	27,080
Bonds with warrant	4,000	4,000	4,000
Long-term loans payable	23,672	11,142	26,782
Others	1,698	530	1,266
<b>Total Liabilities</b>	<b>220,324</b>	<b>222,276</b>	<b>221,587</b>
<b>Minority Interest in Consolidated Subsidiaries</b>	<b>962</b>	<b>107</b>	<b>269</b>
<b>Shareholders' Equity</b>			
<b>Common stock</b>	<b>68,258</b>	<b>68,258</b>	<b>68,258</b>
<b>Additional paid-in capital</b>	<b>94,756</b>	<b>94,756</b>	<b>94,756</b>
<b>Retained earnings</b>	<b>2,256</b>	<b>7,317</b>	<b>(454)</b>
Difference on revaluation of other marketable securities	1,098	(1,284)	(37)
<b>Foreign currency translation adjustments</b>	<b>(70,249)</b>	<b>(63,308)</b>	<b>(64,274)</b>
<b>Treasury stock</b>	<b>(43)</b>	<b>(18)</b>	<b>(37)</b>
<b>Total Shareholders' Equity</b>	<b>96,078</b>	<b>105,721</b>	<b>98,212</b>
<b>Total Liabilities, Minority Interest in Consolidated Subsidiaries and Shareholders' Equity</b>	<b>317,365</b>	<b>328,106</b>	<b>320,069</b>

Note: Amounts less than one million yen are omitted.



● **Consolidated Profit and Loss Statement** (Unit: millions of yen)

	Fiscal year 2004 Interim (Apr. thru Sept. 2003)	Fiscal year 2003 Interim (Apr. thru Sept. 2002)	Fiscal year 2003 (Apr. 2002 thru Mar. 2003)
<b>Net sales</b>	<b>133,741</b>	<b>137,249</b>	<b>272,202</b>
<b>Cost of sales</b>	<b>100,385</b>	<b>102,511</b>	<b>203,500</b>
<b>Gross profit</b>	<b>33,356</b>	<b>34,737</b>	<b>68,702</b>
<b>Selling, general and administrative expenses</b>	<b>23,889</b>	<b>24,561</b>	<b>49,350</b>
<b>Operating income</b>	<b>9,467</b>	<b>10,176</b>	<b>19,352</b>
<b>Other income</b>	<b>584</b>	<b>713</b>	<b>1,226</b>
Interest income	63	81	243
Dividends income	25	47	48
Equity income of affiliates	4	2	10
Foreign currency exchange gain	—	97	—
Others	491	484	923
<b>Other expense</b>	<b>2,493</b>	<b>3,222</b>	<b>7,158</b>
Interest expenses	1,713	2,520	4,765
Foreign currency exchange loss	147	—	506
Others	632	701	1,886
<b>Ordinary income</b>	<b>7,558</b>	<b>7,667</b>	<b>13,420</b>
<b>Extraordinary income</b>	<b>119</b>	<b>21</b>	<b>37</b>
Revised loss on liquidation of affiliates the fiscal year	72	—	—
Gain on sales of fixed assets	47	21	34
Gain on sales of investments in securities	—	—	3
<b>Extraordinary loss</b>	<b>1,378</b>	<b>871</b>	<b>12,961</b>
Loss on sales of fixed assets	74	30	110
Loss on disposal of fixed assets	251	335	602
Loss on revaluation of investments securities	—	27	4,945
Loss on liquidation of affiliates companies	—	164	1,843
Loss on liquidation of the business of switching power supplies, inductors and transformers, etc.	—	—	3,144
Loss for after-care of products	—	—	482
Environmental preservation expense	—	—	1,206
Retirement benefit expense	313	313	626
Special severance payment	307	—	—
Retirement benefits to directors and corporate auditors	431	—	—
<b>Income before income taxes</b>	<b>6,299</b>	<b>6,817</b>	<b>495</b>
Total income taxes	3,624	4,256	2,906
Minority interest in earnings of consolidated subsidiaries	(51)	16	23
<b>Net income (loss)</b>	<b>2,726</b>	<b>2,543</b>	<b>(2,434)</b>

Note: Amounts less than one million yen are omitted.

● **Consolidated Statements of Retained Surplus** (Unit: millions of yen)

	Fiscal year 2004 Interim (Apr. thru Sept. 2003)	Fiscal year 2003 Interim (Apr. thru Sept. 2002)	Fiscal year 2003 (Apr. 2002 thru Mar. 2003)
<b>Capital retained earnings</b>			
Additional paid-in capital at beginning of interim period (full year)	94,756	94,756	94,756
Additional paid-in capital at end of interim period (full year)	94,756	94,756	94,756
<b>Retained earnings</b>			
Retained earnings at beginning of interim period (full year)	(454)	4,774	4,774
<b>Increase of retained earnings</b>	<b>2,726</b>	<b>2,543</b>	<b>—</b>
Net income	2,726	2,543	—
<b>Decrease of retained earnings</b>	<b>16</b>	<b>—</b>	<b>5,227</b>
Net loss	—	—	2,434
Decrease of retained earnings for decrease of consolidated subsidiaries	16	—	—
Cash dividends	—	—	2,793
<b>Retained earnings at end of interim period (full year)</b>	<b>2,256</b>	<b>7,317</b>	<b>(454)</b>

Note: Amounts less than one million yen are omitted.

● **Consolidated Statements of Cash Flows** (Unit: millions of yen)

	Fiscal year 2004 Interim (Apr. thru Sept. 2003)	Fiscal year 2003 Interim (Apr. thru Sept. 2002)	Fiscal year 2003 (Apr. 2002 thru Mar. 2003)
<b>Cash Flows from Operating Activities</b>	<b>5,787</b>	<b>14,583</b>	<b>32,279</b>
<b>Cash Flows from Investing Activities</b>	<b>(7,576)</b>	<b>(7,846)</b>	<b>(16,233)</b>
<b>Cash Flows from Financing Activities</b>	<b>(224)</b>	<b>(8,713)</b>	<b>(15,471)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(312)</b>	<b>(340)</b>	<b>(349)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,326)</b>	<b>(2,317)</b>	<b>224</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>14,177</b>	<b>13,952</b>	<b>13,952</b>
<b>Cash and Cash Equivalents at end of interim period (full year)</b>	<b>11,850</b>	<b>11,634</b>	<b>14,177</b>

Note: Amounts less than one million yen are omitted.

# Non-Consolidated Balance Sheet

## ● Non-Consolidated Balance Sheet (Unit: millions of yen)

	Fiscal year 2004 Interim (as of September 30, 2003)	Fiscal year 2003 Interim (as of September 30, 2002)	Fiscal year 2003 (as of March 31, 2003)
<b>Assets</b>			
<b>Current Assets</b>	<b>133,342</b>	<b>133,885</b>	<b>128,363</b>
Cash and cash equivalents	4,857	6,280	7,487
Notes receivable	5,315	2,648	2,249
Accounts receivable-trade	47,405	40,674	36,680
Inventories	10,678	10,779	10,492
Short-term loans receivable from subsidiaries	54,554	60,949	60,202
Deferred tax assets	4,106	4,151	4,231
Others	6,465	8,520	7,121
Allowance for doubtful receivables	(40)	(118)	(100)
<b>Fixed Assets</b>	<b>234,457</b>	<b>237,841</b>	<b>234,305</b>
<b>Tangible fixed assets</b>	<b>31,872</b>	<b>32,854</b>	<b>32,073</b>
<b>Intangible fixed assets</b>	<b>860</b>	<b>887</b>	<b>841</b>
<b>Investments and other assets</b>	<b>201,725</b>	<b>204,098</b>	<b>201,391</b>
Investment in securities	5,588	6,278	3,730
Investment securities in subsidiaries	156,332	156,237	155,357
Investments in partnerships with subsidiaries	27,733	27,608	27,733
Long-term loans receivable from subsidiaries	9,368	7,700	8,567
Long-term deferred tax assets	5,905	8,240	7,983
Others	1,173	1,733	1,994
Allowance for doubtful receivables	(4,377)	(3,701)	(3,975)
<b>Deferred Assets</b>	<b>9</b>	<b>8</b>	<b>13</b>
<b>Total Assets</b>	<b>367,810</b>	<b>371,735</b>	<b>362,682</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>	<b>104,636</b>	<b>119,204</b>	<b>100,327</b>
Notes payable	3,419	3,362	2,998
Accounts payable-trade	30,175	28,052	23,817
Short-term loans payable	50,560	38,001	52,033
Commercial paper	3,000	—	3,000
Current portion of long-term loans payable	500	27,700	500
Current portion of bonds	10,000	—	10,000
Current portion of convertible bonds	—	13,823	—
Accrued income taxes	46	45	71
Accrued bonuses	2,072	2,116	1,943
Others	4,861	6,104	5,963
<b>Long-term Liabilities</b>	<b>82,116</b>	<b>71,623</b>	<b>81,114</b>
Bonds	28,000	35,000	28,000
Convertible bonds	27,080	27,080	27,080
Bonds with warrant	4,000	4,000	4,000
Long-term loans payable	23,000	5,500	22,000
Allowance for retirement benefits	29	43	34
Allowance for retirement benefits to executive officers	7	—	—
<b>Total Liabilities</b>	<b>186,753</b>	<b>190,828</b>	<b>181,442</b>
<b>Shareholders' Equity</b>			
<b>Common stock</b>	<b>68,258</b>	<b>68,258</b>	<b>68,258</b>
<b>Additional paid-in capital</b>	<b>94,756</b>	<b>94,756</b>	<b>94,756</b>
Capital reserve	94,756	94,756	94,756
<b>Retained earnings</b>	<b>16,986</b>	<b>19,194</b>	<b>18,299</b>
Earned surplus	2,085	2,085	2,085
Voluntary reserve	11,500	11,500	11,500
Unappropriated retained earnings	3,401	5,609	4,714
<b>Difference on revaluation of the marketable securities</b>	<b>1,098</b>	<b>(1,285)</b>	<b>(36)</b>
<b>Treasury stock</b>	<b>(43)</b>	<b>(18)</b>	<b>(37)</b>
<b>Total Shareholders' Equity</b>	<b>181,057</b>	<b>180,906</b>	<b>181,240</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>367,810</b>	<b>371,735</b>	<b>362,682</b>

Note: Amounts less than one million yen are omitted.

● **Non-Consolidated Profit and Loss Statement** (Unit: millions of yen)

	Fiscal year 2004 Interim (Apr. thru Sept. 2003)	Fiscal year 2003 Interim (Apr. thru Sept. 2002)	Fiscal year 2003 (Apr. 2002 thru Mar. 2003)
<b>Ordinary Income and Expenses</b>			
<b>Operating income and expenses</b>			
<b>Operating income</b>	<b>92,482</b>	<b>83,402</b>	<b>162,952</b>
Net sales	92,482	83,402	162,952
<b>Operating expenses</b>	<b>90,646</b>	<b>80,627</b>	<b>157,934</b>
Cost of sales	79,819	70,426	136,897
Selling, general and administrative expenses	10,827	10,201	21,036
<b>Operating income</b>	<b>1,836</b>	<b>2,775</b>	<b>5,018</b>
<b>Other income and expense</b>			
<b>Other income</b>	<b>5,153</b>	<b>3,792</b>	<b>9,420</b>
Interest income	457	490	969
Dividends income	4,455	2,958	7,786
Rent income on fixed assets	174	250	504
Others	65	92	159
<b>Other expenses</b>	<b>1,207</b>	<b>1,739</b>	<b>3,375</b>
Interest and discount charge	314	701	1,392
Interest on bonds	583	632	1,252
Foreign currency exchange loss	163	226	294
Others	145	179	436
<b>Ordinary income</b>	<b>5,782</b>	<b>4,828</b>	<b>11,062</b>
<b>Extraordinary Income and Loss</b>			
<b>Extraordinary income</b>	<b>119</b>	<b>427</b>	<b>450</b>
Gain on sales of fixed assets	50	103	123
Gain on sales of investments in securities	—	—	3
Liquidation dividend from subsidiary company	—	205	205
Reversal of allowance for doubtful receivables	68	118	118
<b>Extraordinary loss</b>	<b>2,339</b>	<b>884</b>	<b>8,117</b>
Loss on sales of fixed assets	51	59	117
Loss on revaluation of investments in securities	—	27	4,945
Allowance for doubtful receivables	713	—	—
Loss on revaluation of investments securities in subsidiaries	376	550	2,280
Loss on liquidation of affiliated companies	—	—	256
Loss on liquidation of the business of switching power supplies, inductors and transformers, etc.	210	—	—
Loss on after-care of products	—	—	23
Retirement benefit expense	247	247	494
Special severance payment	307	—	—
Retirement benefits to directors and corporate auditors	431	—	—
<b>Income before income taxes</b>	<b>3,563</b>	<b>4,371</b>	<b>3,395</b>
Income taxes (including enterprise tax)	606	426	999
Adjustment of income taxes	1,476	1,823	1,168
Total income taxes	2,082	2,249	2,167
<b>Net income</b>	<b>1,480</b>	<b>2,122</b>	<b>1,227</b>
Retained earnings brought forward from the previous period	1,920	3,486	3,486
<b>Unappropriated retained earnings at end of year</b>	<b>3,401</b>	<b>5,609</b>	<b>4,714</b>

Note: Amounts less than one million yen are omitted.

## ■ Corporate Data

Trade Name	Minebea Co., Ltd.
Established	July 16, 1951
Capital	68,258 million yen
Number Of Employees	2,503 persons
Registered Headquarters	4106-73, Oaza Miyota, Miyota-Machi, Kitasaku-Gun, Nagano 389-0293, Japan Tel:+81 267- 32- 2200
Domestic Offices And Manufacturing Units	Tokyo Head Office, Karuizawa Manufacturing Unit, Hamamatsu Manufacturing Unit, Fujisawa Manufacturing Unit, Omori Manufacturing Unit

## ■ Board of Directors

### Representative Director, President and Chief

#### Executive Officer

Tsugio Yamamoto

### Directors, Senior Managing Executive Officers

Yoshihisa Kainuma

Takayuki Yamagishi

Rikuro Obara

Ryusuke Mizukami

Kenji Senoue

Tosei Takenaka

### Director, Managing Executive Officer

Koichi Dosho

### Directors

Atsushi Matsuoka

Chanchai Leetavorn

## ■ Corporate Auditors

### Standing Corporate Auditors

Shinichi Mori

Yoshinori Amano

### Corporate Auditors

Mitsuo Ichikawa

Isao Hiraide

## ■ Executive Officers

### Managing Executive Officers

Takashi Yamaguchi

Tomihiko Maruta

### Executive Officers

Sadao Sawamura

Akihiro Hirao

Sadahiko Oki

Takuya Naka

Yukio Shimizu

Masayoshi Yamanaka

Shunji Mase

Hiroharu Katogi

Susumu Fujisawa

Masamitsu Osada

Akio Okamiya

Eiichi Kobayashi

Motoyuki Nijjima

Tadahiko Mori

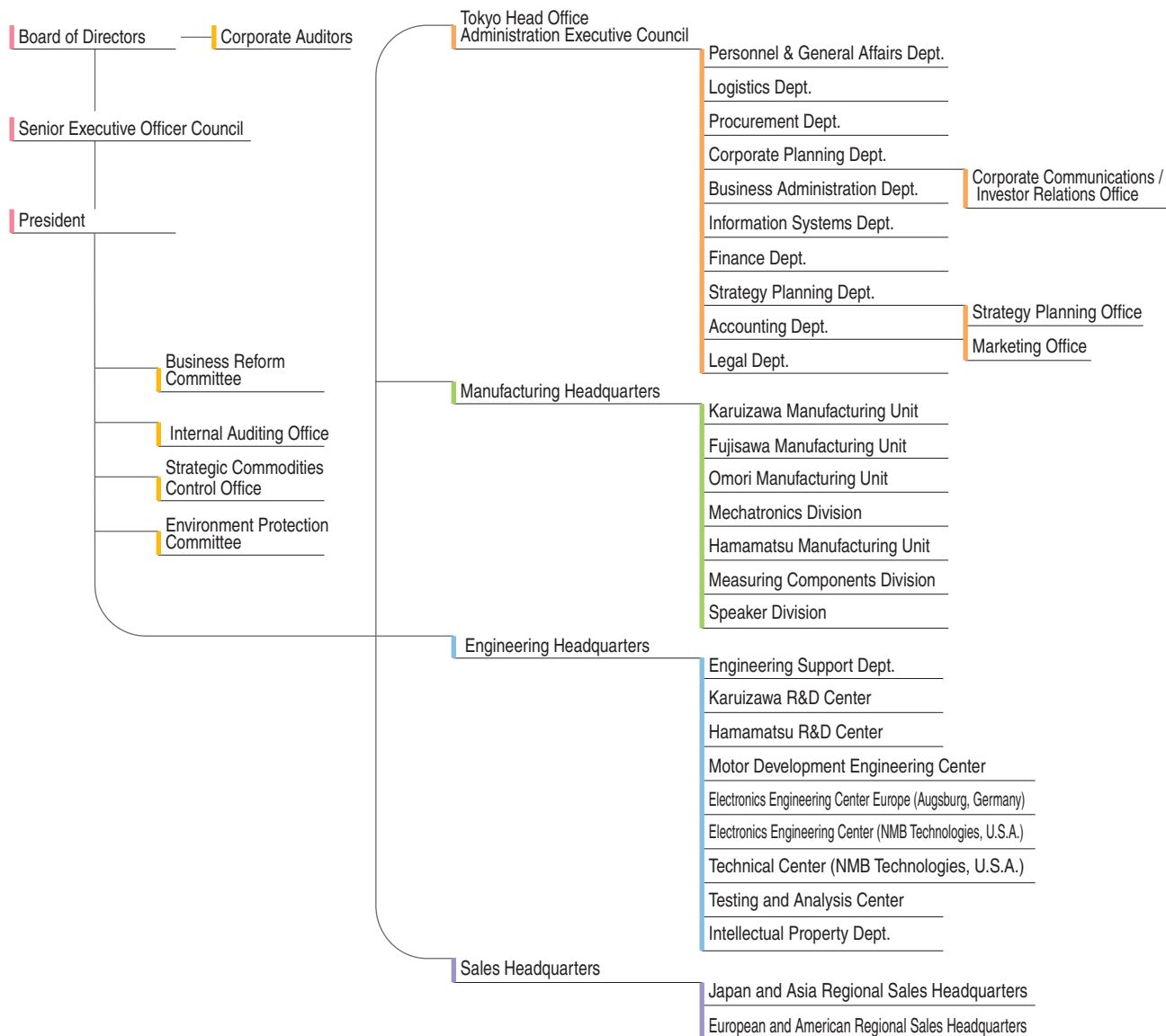
Hiroyuki Yajima

Masao Iwasa

Hiroataka Fujita

Kunio Shimba

Junichi Mochizuki



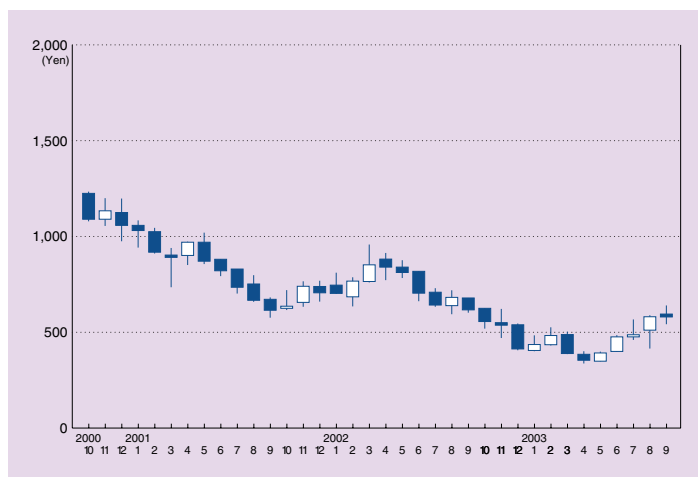
# Share Information (as of September 30, 2003)

Total Number of Shares Authorized	1,000,000,000 shares
Number of Shares Issued	399,167,695 shares
Number of Shareholders	25,131 persons

## Major Shareholders (Top 10)

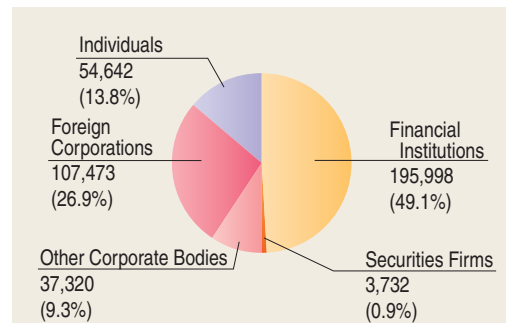
		(%)
Japan Trustee Service Bank, Ltd. (Trust Account)	28,072,000	7.03
The Mastertrust Bank of Japan Ltd. (Trust Account)	27,410,000	6.87
Keiaisha Co., Ltd.	20,000,000	5.01
J.P. Morgan Trust Bank Ltd.	17,560,000	4.40
Shinsei Bank, Ltd.	12,501,000	3.13
The Sumitomo Trust & Banking Co., Ltd.	12,349,000	3.09
Takahashi Industrial and Economic Research foundation	12,347,330	3.09
Mellon Bank Treaty Clients Omnibus	10,072,108	2.52
Sumitomo Mitsui Banking Corporation	10,000,475	2.51
UFJ Trust Bank Limited (Trust Account A)	9,686,000	2.43

## Stock Prices On The Tokyo Stock Exchange

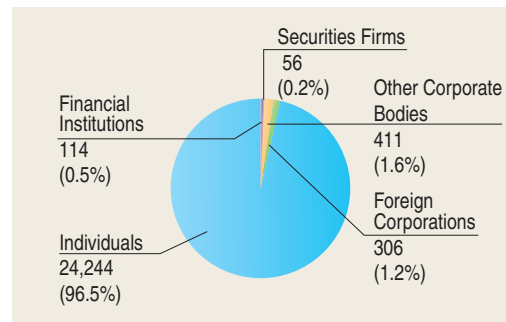


## Shareholder Distribution

### Number Of Shares (thousands of share)




### Number Of Shareholders





## Shareholder Information

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Business Year	From April 1 to March 31 of next year
Fiscal Year-End	End of March
Record date to be eligible to receive a dividend	End of March
Ordinary General Meeting of Shareholders	June
Unitary Transaction Stock Transfer Agent	1,000shares 5-33, Kitahama 4-Chome, Chuo-Ku, Osaka The Sumitomo Trust and Banking Co., Ltd.
Transfer Agent Branch	4-4, Marunouchi 1-Chome, Chiyoda-Ku, Tokyo The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department
Attention for Delivery of Postal Matters	1-10, Nikko-Cho, Fuchu, Tokyo 183-8701 The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department
Attention for Inquiries by Telephone	(For Change-of-Address Form and other forms, please apply to)  0120-175-417 (For inquiries, please contact)  0120-176-417
Attention for Web Site	<a href="http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html">http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html</a>
Intermediary Office	The Sumitomo Trust and Banking Co., Ltd. Head Office and each and every Branch in Japan
Transfer Fee	Free
Public Notice	The Nihon-Keizai Shinbun Public notices are displayed in The Nihon Keizai Shinbun. However, information with regard to balance sheets and statements of income, as stipulated in Section 3, Article 16 of the Law For Special Exceptions to the Commercial Code, is posted in our web site at <a href="http://www.minebea.co.jp/investors/disclosure/meeting/meeting_top.html">http://www.minebea.co.jp/investors/disclosure/meeting/meeting_top.html</a>
Common Stock Listings	Tokyo, Osaka, Nagoya and Singapore